

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-078459	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Phillips Petroleum Company		7. Unit or CA Agreement Name and No. San Juan 32-7 Unit	
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401		8. Lease Name and Well No. SJ 32-7 Unit #35M	
3b. Phone No. (include area code) 505-599-3454		9. API Well No. 30-04530190	
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface Unit F, 1725' FNL & 2495' FWL At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Blanco MV & Basin DK	
14. Distance in miles and direction from nearest town or post office* 10 miles south/east of Ignacio, CO		11. Sec., T., R., M., or Blk. and Survey or Area F Sec. 22, T32N, R7W	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1725'		12. County or Parish San Juan, NM	
16. No. of acres in lease 2554.36 acres		13. State	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well 337.56 347.5 W/2-MV; 342.56 N/2-DK	
19. Proposed Depth 8315' -		20. BLM/BIA Bond No. on file ES0048	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6673' GL		22. Approximate date work will start* 3rd Qtr 2000	
		23. Estimated duration 1 month	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Patsy Clugston</i>	Name (Printed/Typed) Patsy Clugston	Date 6/14/00
Title Sr. Regulatory/Proration Clerk		
Approved by (Signature) <i>/s/ Jim Lovato</i>	Name (Printed/Typed)	Date AUG 24 2000
Title Office		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on Reverse)

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO SPECIAL AGREE WITH ATTACHED
"GENERAL REQUIREMENTS"

District I
 P.O. Box 1980, Hobbs, NM 88241-1980
 District II
 111 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

200 JUN 15 PM 3:00

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-30190		2 Pool Code 72319		3 Pool Name Blanco Mesaverde	
4 Property Code 009260		5 Property Name SAN JUAN 32-7 UNIT			6 Well Number 35M
7 OGRID No. 017654		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6673'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	22	32N	7W		1725'	NORTH	2495'	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F									

12 Dedicated Acres 337.56 347.5 W/2	13 Joint or Infill I	14 Consolidation Code U	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p> <p>N81°57'W</p> <p>5395.50'</p> <p>4</p> <p>3</p> <p>1725'</p> <p>2</p> <p>1</p> <p>2495'</p> <p>6011.28'</p> <p>5</p> <p>6</p> <p>2554.36 acres</p> <p>Section 22</p> <p>SF-078459</p> <p>10</p> <p>9</p> <p>5161.20'</p> <p>11</p> <p>12</p> <p>S89°58'W</p> <p>2639.34'</p> <p>S87°50'W</p> <p>2675.64'</p>				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Monica D. Rodahl</p> <p>Signature</p> <p>Monica D. Rodahl</p> <p>Printed Name</p> <p>Regulatory Assistant</p> <p>Title</p> <p>March 9, 2000</p> <p>Date</p>	
<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>02/22/00</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p> <p>HENRY P. BROADHURST</p> <p>NEW MEXICO</p> <p>REGISTERED PROFESSIONAL SURVEYOR</p>				<p>19</p>	

District I
P.O. Box 1968, Hobbs, NM 88241-1968
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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

200 JUL 15 PM 3:09

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-30190	¹ Pool Code 71599	¹ Pool Name Basin Dakota
⁴ Property Code 009260	¹ Property Name SAN JUAN 32-7 UNIT	⁸ Well Number 35M
⁷ OGRID No. 017654	¹ Operator Name PHILLIPS PETROLEUM COMPANY	⁸ Elevation 6673'

¹⁰ Surface Location

UL or lot no. F	Section 22	Township 32N	Range 7W	Lot Idn	Feet from the 1725'	North/South line NORTH	Feet from the 2495'	East/West line WEST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. F	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 342.56 N/2	¹³ Joint or Infill I	¹⁴ Consolidation Code U	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 N81°57'W 5395.50'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Monica D. Rodahl Signature Monica D. Rodahl Printed Name Regulatory Assistant Title March 9, 2000 Date
4 3 1725' 2 2495' 5 6 2554.36 acres 7 8 5161.20'	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 02/22/00 Date of Survey Signature and Seal of Professional Surveyor: HENRY P. BROADHURST, JR. NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR Certificate Number
6011.28' 5 SF-078459 Section 22 N00°45'E S89°58'W 2639.34'	9 10 11 12 S87°50'W 2675.64'

PHILLIPS PETROLEUM COMPANY

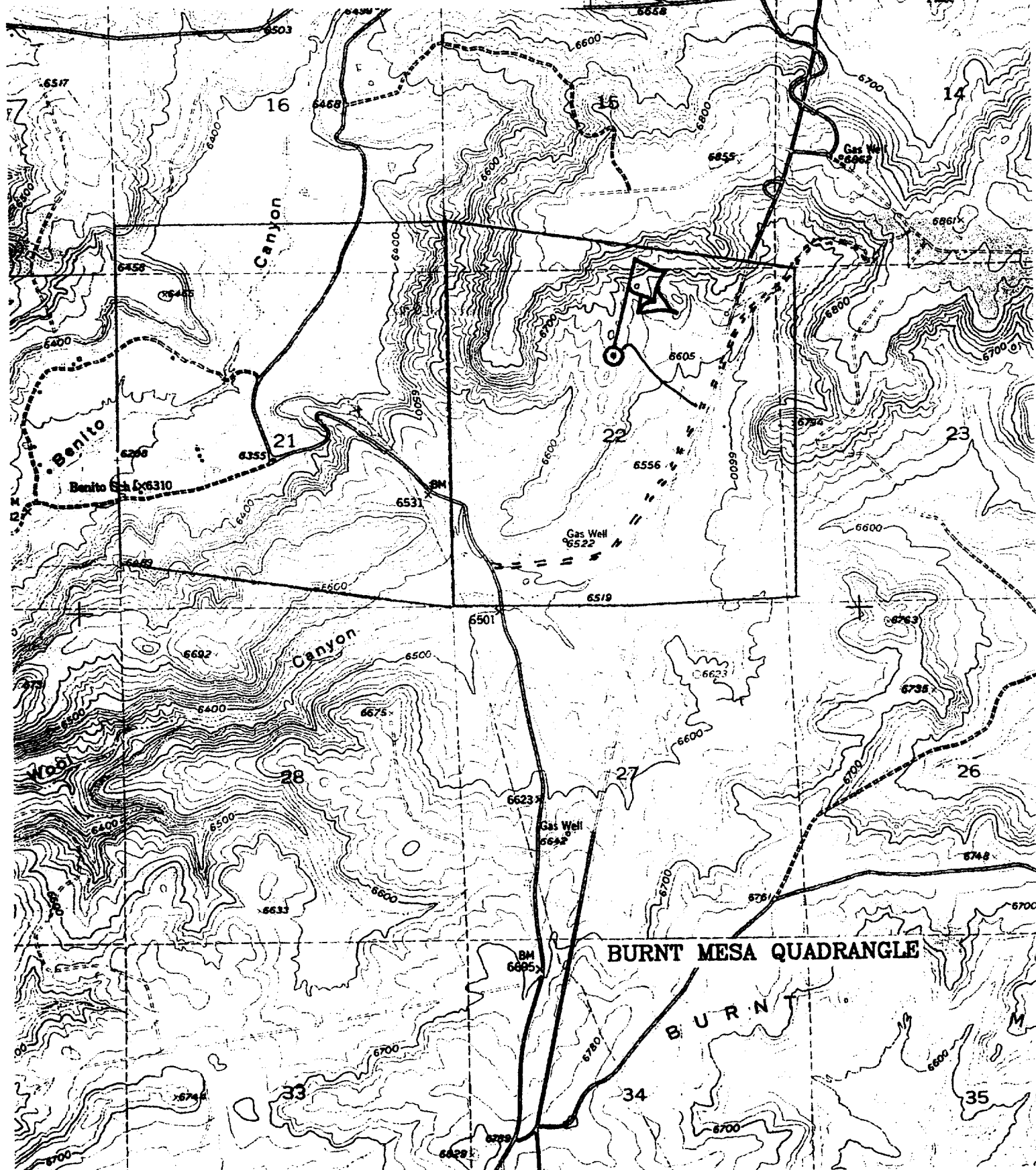
SAN JUAN 32-7 UNIT No. 35M

1725' FNL, 2495' FWL

NW/4 SEC. 22, T-32-N, R-07-W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

GROUND LEVEL ELEVATION: 6673'



PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-7 Unit # 35M DK/MV

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit F, 1725' FNL & 2495' FWL
Section 22, T32N, R7W
2. Unprepared Ground Elevation: @ 6673' (unprepared)
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 8315'.
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 1040'</u>	<u>Menefee Fm. - 5655'</u>
<u>Ojo Alamo - 2395'</u>	<u>Pt. Lookout - 5880'</u>
<u>Kirtland Sh - 2500'</u>	<u>Mancos Sh - 6230'</u>
<u>Fruitland Fm. - 3100'</u>	<u>Gallup Ss. - 7165'</u>
<u>Pictured Cliffs - 3455'</u>	<u>Greenhorn Ls. - 7975'</u>
<u>Lewis Shale - 3765'</u>	<u>Graneros Sh. - 8035'</u>
<u>Cliff House Ss - 5605'</u>	<u>Dakota Ss - 8165'</u>

7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Water:	<u>Ojo Alamo - 2395' - 2500'</u>
Gas & Water:	<u>Fruitland - 3100' - 3455'</u>
Gas:	<u>Pictured Cliffs - 3455' - 3765'</u>
	<u>Mesaverde - 5605' - 6230'</u>
	<u>Dakota Ss - 8165' - 8315' —</u>

8. The proposed casing program is as follows:

Surface String: 9-5/8", 36#, J/K-55 @ 320' *
Intermediate String: 7", 20#, J/K-55 @ 3930'
Production String: 4-1/2", 11.6#, I-80 @ 8315' (TD)

* The surface casing will be set at a minimum of 320', but could be set deeper if required to maintain hole stability.

9. Cement Program:
- Surface String: 158.5 sx Type III cement + 2% bwoc Calcium Chloride + 0.25#/sx Cello-flake + 60.6% FW (1.41 yield = 223 cf).
- Intermediate String: **Lead Cement:** 473.7 sx Type III cement (35:65) Poz + 5#/sx Gilsonite + 0.25 #/sx Cello-Flake + 6% bwoc Bentonite + 10#/sx CSE + 3% bwoc KCL + 0.4% bwoc FL-25 + 0.02#/sx static free + 129% FW (2.37 yield = 1123 cf). Cement to surface with 110% excess casing/hole annular volume.
- Tail Cement:** 50.0 sx Type III cement + 0.25#/sx Cello-Flake + 1% Calcium Chloride + 60.5% FW (1.4 yield = 70 cf). Cement to surface with 110% excess of casing/hole annulus volume.
- Production String *: 344.3 sx (35:65) Poz Class H cement + 10#/sx CSE + 0.25#/sx Cello-Flake + 0.2% bwoc CD-32 + 5#/sx Gilsonite + 0.5% bwoc FL-52 + 6% bwoc Bentonite + 112.4% FW (2.13 yield = 733 cf). The production string casing cement is designed to cover openhole section with 60% excess.

*The production casing cement is calculated to cover the openhole interval with 60% excess and annular volume 100' within intermediate shoe. Depending on hole conditions, the well may be cemented in a single stage or two staged.

Centralizer Program:

- Surface: Total four (4) 1 @ 10' above shoe & top of 2nd, 4th & 6th joint
- Intermediate: Total seven (7) – 10' above shoe, top of 1st, 2nd, 4th, 6th, & 8th jts & 1 jt. above surface casing.
- Production: None planned.
- Turbulators: Total Three (3) – on intermediate casing at 1st jt. below the Ojo Alamo and next 2 jts up.

10. The minimum specifications for pressure control equipment which are to be used, a schematic diagram thereof showing sizes, pressure ratings (or) API series and the testing procedure and testing frequency are enclosed within the APD packet.
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
Intermediate - spud mud generated from natural clays with gel sweeps pretreated w/LCM before entering coal interval.
Below Intermediate - air or gas drilled.

BOP AND RELATED EQUIPMENT CHECK LIST

3M SYSTEM:

2 hydr. rams (pipe & blind) or hydr. ram and annular with blind ram on bottom

Kill Line (2-inch minimum)

1 kill line valve (2-inch minimum)

1 choke line valve

2 chokes (refer to diagram in attachment 1) on choke manifold

Upper kelly cock valve in open position with handle available

Safety valve (in open position) and subs to fit all drill strings in use (with handle available)

Pressure gauged on choke manifold

2 inch minimum choke line

Fill-up line above the uppermost preventer

The BOPs will be pressure tested according to Onshore Order #2 III, A 1 and 30% safety factor.